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# AICPA *Washington Report*

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June 16, 1974  
Volume II, Issue 35

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#### AGRICULTURE, DEPARTMENT OF

Legislation providing specific authority to grant CPAs access to confidential records for purposes of making audits of the operations of Federal Milk market orders is being suggested by the Department. It would amend section 8d(2) of the Agricultural Marketing Agreement Act of 1937, as amended.

#### COMMERCE, DEPARTMENT OF

Proposed amendments to the Maritime Administration regulations affecting operating differential subsidies for bulk cargo vessels appear in the 6/10/74 Fed. Reg., p. 20383. The changes to Part 252, in particular section 252.9, deal with the financial and other reporting requirements and call for annual audits certified by CPAs. Comment period expires 8/12/74.

Metric conversion will be discussed at a national conference on weights and measures sponsored by the Department. It will provide a forum to promote nationwide uniformity of weights and measures requirements and methods. Conference dates for this Washington meeting are July 7-12. For further information, contact the Executive Secretary, National Conference on Weights and Measures, National Bureau of Standards, Washington, D.C. 20234; telephone 301/921-1000.

#### COST ACCOUNTING STANDARDS BOARD

A proposed Standard on Depreciation of Tangible Assets has been issued (6/11/74 Fed. Reg., p. 20505). It would require that the service lives used shall be the estimates used for financial accounting purposes, unless financial accounting lives are unrealistic, in which case the proposed standard would require that more realistic estimated service lives be used. Comments on the proposal are due by 8/12/74.

#### COST OF LIVING COUNCIL

A Phase IV price notice (74-8) concerning wholesale/retail price "repurification" appeared in the 6/7/74 Fed. Reg., p. 20186. The notice affects firms completing final reports in accordance with CLC regulations. There is a note that markup or gross margin access may be excused where the succeeding fiscal quarter is the quarter in which price controls expire if the firm can demonstrate satisfactorily that the excess was fully offset as of 4/30/74 (i.e. during the "stub period", if any, between the end of the last full quarter under controls and the expiration of the Act).

#### FEDERAL ENERGY ADMINISTRATION

A conference report on energy legislation providing additional authority for the Administrator to gain information about firms in the petroleum industry has been approved by the House and Senate.

Section 11 of the bill (HR 14368) grants the Administrator the right to "request, acquire, and collect such energy information as he determines to be necessary . . ." As described in the bill, "energy information" includes "(B) matters relating to energy and fuels, such as corporate structure and proprietary relationships, costs, prices, capital investment, and assets, and other matters directly related thereto, wherever they exist."

#### FEDERAL HOME LOAN BANK BOARD

Legislation setting up an experimental program permitting a few savings and loan associations to convert from the mutual to a stock form has been approved by the Senate. Also, the general moratorium on S&Ls through June 1976 was approved. The Banking Committee report (S93-902) which accompanied the legislation is available through the Senate Document Room or the committee office at 202/225-7391.

#### FEDERAL POWER COMMISSION

An order denying a rehearing and reconsideration of Order No. 505, issued 2/11/74, in which the Commission prescribed accounting for (1) premium, discount and expense of long-term debt, (2) gains and losses on reacquired long-term debt when no refunding is involved, and (3) gains and losses on reacquisition of long-term debt when a refunding is involved, was issued 6/3/74 (Docket R-424, see reprint in 6/10/74 Fed. Reg., p. 20418). The original request for a rehearing had been brought by the Interstate Natural Gas Association of America (INGAA). It was contended that Order No. 505 was legally improper, without substantial evidentiary support and directly contrary to long established Commission policy and sound accounting practices as prescribed by the APB.

#### FEDERAL RESERVE BOARD

The offering of "Automated Investment Services (AIS)" has been reaffirmed as legally within the scope of commercial services available through national banks, James E. Smith, Comptroller of the Currency, has stated. His answer was in response to a letter from the Investment Company Institute, which contended that such activities violated the Glass-Steagall Act.

#### GENERAL ACCOUNTING OFFICE

A study and report on DOD procurement with a view toward determining how competitive bidding through formal advertising can be increased would be authorized as the result of an amendment to the Defense Procurement Authorization bill (S. 3000). The amendment offered by Sen. Metzenbaum (D-Ohio) originally would have called for a complete study of competitive bidding by the Federal government. The scope of the study was narrowed, however, as a result of an agreement reached with Sen. Chiles, Chairman of the Senate Procurement Subcommittee, who opposed another full scale procurement study. The legislation now goes to conference; there

is no similar provision for such a study in the House version of the military procurement bill.

#### HOUSING AND URBAN DEVELOPMENT

A \$100 million public housing plan has been announced. 36 Local Housing Authorities (LHAs) are to receive the funds over the next 13 months to finance changes in operating procedures, tenant relations, security and management. The funding is in addition to the \$280 million in operating subsidies already being expended.

#### INTERSTATE COMMERCE COMMISSION

W. Donald Brewer has announced his intention to retire from the Commission. Brewer, a Republican, was appointed by President Nixon in 1970 for a term ending December 31, 1976. Mr. Brewer served in the Post Office Department for 29 years and also served as a Deputy Administrator under President Nixon in the Small Business Administration.

#### OFFICE OF FEDERAL PROCUREMENT POLICY

Hugh E. Witt has been named Deputy Associate Director (OMB) and Assistant to OMB Director Roy L. Ash for Procurement Policy. A top DOD procurement official, Mr. Witt will be responsible for coordinating with executive agencies to promote improvements in procurement practices as recommended by the Commission on Government Procurement. Witt is expected to be appointed to head the OFPP when it is finally established by Congress.

#### RENEGOTIATION BOARD

Legislation to abolish the Renegotiation Board has been introduced by Sen. Proxmire (D-Wisc.). The Senator in his remarks on introducing the bill, S. 3604, stated: "This agency does not do the job. After renegotiation, company after company got a return of 50, 75, and even 100 percent or more on its investment under "negotiated contracts". Taxpayers are not required to support a useless agency."

#### SECURITIES AND EXCHANGE COMMISSION

A two-day public meeting of the Model Compliance Program Advisory Committee is scheduled at Room M11, Essex House, 160 Central Park South, New York, beginning on June 19, at 10:00 a.m. The purpose of the meeting is to review drafts and proposals on the B-D compliance guidelines report.

A proposal barring broker-dealers from selling certain kinds of investment contract securities on credit has been issued (Rel. 34-10845 of 6/7/74). It would exempt investment contract securities involving the direct ownership of specified residential real property offered by B-Ds from section 7 and 11(d) (1) of the '34 Act.

The Federal Reserve Board postponed until 1/2/75 the effective date of a regulatory amendment to Regulation T barring B-Ds from such activities, in order to provide the SEC with adequate time to review comments received on its proposal.

SMALL BUSINESS ADMINISTRATION

A "roadshow" composed of SBA Chief Accountant Wayne Foren, AICPA spokesman Edward Lynott (Price Waterhouse & Co.), and Charles Noone, General Counsel of the National Association of Small Business Investment Companies will travel to the Regional Associations of SBICs to discuss the new SBIC audit guide and Form 468.

TREASURY, DEPARTMENT OF

The Commissioner's Advisory Group will meet on June 26-27. The agenda will include various topics concerning procedures and operations of the IRS. There is limited space for about 50 people. The meeting will start at 10:00 a.m. in Room 3313, Internal Revenue Building, 1111 Constitution Ave., N.W. Washington, D.C.


Proposed amendments to the income tax regulations relating to distributions of stock and stock rights have been issued (see 6/7/74 Fed. Reg., p. 20210). Comments on this proposal are requested by 7/8/74.

In addition, amendments to the income tax regulations relating to depreciation allowance for property of certain public utilities also appear in that issue of the Fed. Reg., p. 20194.

Pension conferees have reached agreement on the reporting and disclosure provisions on the pension reform bill (HR 2). Audits of the annual reports will be verified by certified or licensed public accountants and must conform with GAAP.

Richard C. Wilbur's nomination to be a Judge of the U.S. Tax Court has been acted upon favorably by the Senate Finance Committee. He is currently serving as Minority Counsel of the Ways and Means Committee and succeeds Austin Hoyt who retired last year.

A GAO report entitled "Revenue Sharing: Its Use By and Impact on Local Governments" (B-146285 of 5/25/74) has been released. Chapter 4 on "accountability" discusses the development of the audit standards and expresses the Comptroller General's desire that recipients of revenue sharing funds apply these standards. Copies may be obtained from the GAO Reports Department (\$1.00 per copy) at 202/386-6594.

  
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